

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
CONTRACT 1

Docket No. MC2013-5

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL & FIRST-CLASS PACKAGE SERVICE
CONTRACT 1 (MC2013-5)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2013-5

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO REQUEST FOR SUPPLEMENTAL INFORMATION**
(October 24, 2012)

The United States Postal Service hereby provides its response to the Commission's request for supplemental information contained in PRC Order No. 1505 (October 19, 2012). The request is attached and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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October 24, 2012

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Contract Term I.E. indicates that the customer can request the use of Package Intercept service at a negotiated rate. The Postal Service's workpapers do not take into account the customer's ability to use Package Intercept service for a negotiated rate in demonstrating that the contract will cover its attributable cost. Please provide revised supporting workpapers that demonstrate that the contract as a whole will cover its attributable cost taking into account the customer's ability to use Package Intercept service at a negotiated rate.

RESPONSE:

This issue was addressed in Footnote 3 of the Summary_Analysis.xls file and in Footnote 6 of the PM_with_ES_Analysis.xls file (PartnerProfileParcels sheet). Because the expected volume of packages that will use Package Intercept will be insignificant, there will be no material impact on the cost coverage of the contract as a whole.